

**STAFF REPORT  
C84**

A     2  
S     4

10/19/17  
PRC 8989.1  
N. Heda

**CONSIDER ACKNOWLEDGMENT OF RECEIPT OF THE QUITCLAIM DEED  
FOR NEGOTIATED SUBSURFACE (NO SURFACE USE)  
NATURAL GAS LEASE NO. PRC 8989.1**

**LESSEE:**

California Resources Production Corporation

**AREA, LAND TYPE, AND LOCATION:**

Negotiated subsurface (no surface use) Natural Gas Lease No. PRC 8989.1 contains approximately 15 acres of sovereign land underlying the Sacramento River adjacent to Sections 5 and 6, Township 14 North, Range 1 East, M.D.M., located near Grimes in Colusa and Sutter Counties (Exhibit A attached).

**BACKGROUND AND ANALYSIS:**

On August 14, 2012 ([Item C86, August 14, 2012](#)), the Commission approved a negotiated subsurface (no surface use) Natural Gas Lease on the above-mentioned lands with Venoco, Inc. (Venoco) (see Exhibit B, attached). Because the State lands are waterways and surface drill sites are not available, natural gas resources that may underlie the State lands can be developed from adjacent private lease holdings. On February 22, 2013, the Commission accepted the assignment of Venoco's interest to California Resources Production Corporation (CRPC) ([Item C89, February 22, 2013](#)).

Pursuant to the Lease, the primary term started on August 14, 2012, for a period of 5 years, and the Lease would continue beyond the primary term for so long as oil and gas were produced in paying quantities from the leased land. No development occurred on the Lease. No well was drilled and nothing was ever produced. Because of its failure to produce, or the failure to extend the primary term of the Lease beyond August 14, 2017, the lease expired under its own terms. The Lessee has fully paid the rental for the lease during its term. The lessee maintained a performance bond on the lease in the required amount, and also maintained its agreed lease management fee for that time. Since the lease was never developed, no royalty is due the State, nor is there any obligation for plugging and abandonment or reclamation of the lease premises. A Quitclaim Deed from CRPC was received by staff on September 12, 2017 (See Exhibit C, attached), clearing title to the parcel.

**STAFF REPORT NO. C84 (CONT'D)**

Public Resources Code section 6804.1 permits the Lessee to make, at any time, a written quitclaim of all rights under the Lease. The quitclaim is effective when filed with the State. Staff presents this staff report and authorization to acknowledge and confirm the completion of the Lessee's obligations under the lease so that staff may properly release held performance bonds or other guarantees held under the leases.

**Authority:**

- A. Public Resources Code section 6804.1

**OTHER PERTINENT INFORMATION:**

1. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation, and responsible economic use of the lands and resources under the Commission's jurisdiction.
2. Acceptance of the quitclaim deed is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

**EXHIBITS:**

- A. Land Description
- B. Site Map
- C. Quitclaim Deed

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**AUTHORIZATION:**

1. Acknowledge receipt of the full Quitclaim Deed for Oil and Gas Lease No. PRC 8989.1 effective September 12, 2017, wherein the Lessee quitclaims to the State all rights, title and interest in the leased lands described in the attached Exhibit C.
2. Find that CRPC, has complied with all obligations under Oil and Gas Lease No. PRC 8989.1.
3. Release CRPC from all obligations under Oil and Gas Lease No. PRC 8989.1.

STAFF REPORT NO. **C84** (CONT'D)

4. Authorize the Executive Officer or her designee to execute any documents necessary to implement the Commission's action.

**EXHIBIT A**

**PRC 8989.1**

**LAND DESCRIPTION**

A parcel of State owned submerged land lying in the bed of the Sacramento River adjacent to Sections 5 and 6, Township 14 North, Range 1 East, M.D.M., as shown on Official Government Township plat approved January 13, 1872, and also lying adjacent to Jimeno Rancho, surveyed February 1861, Counties of Sutter and Colusa, State of California, described as follows:

All that sovereign land bounded on the north by a line of Latitude N 39°05'28", bounded on the south by the westerly prolongation of the south line of said Section 5, bounded on the east and west by the Low Water of the east and west banks of the Sacramento River.

Said Latitude is referenced to the North American Datum of 1983 (NAD 83).

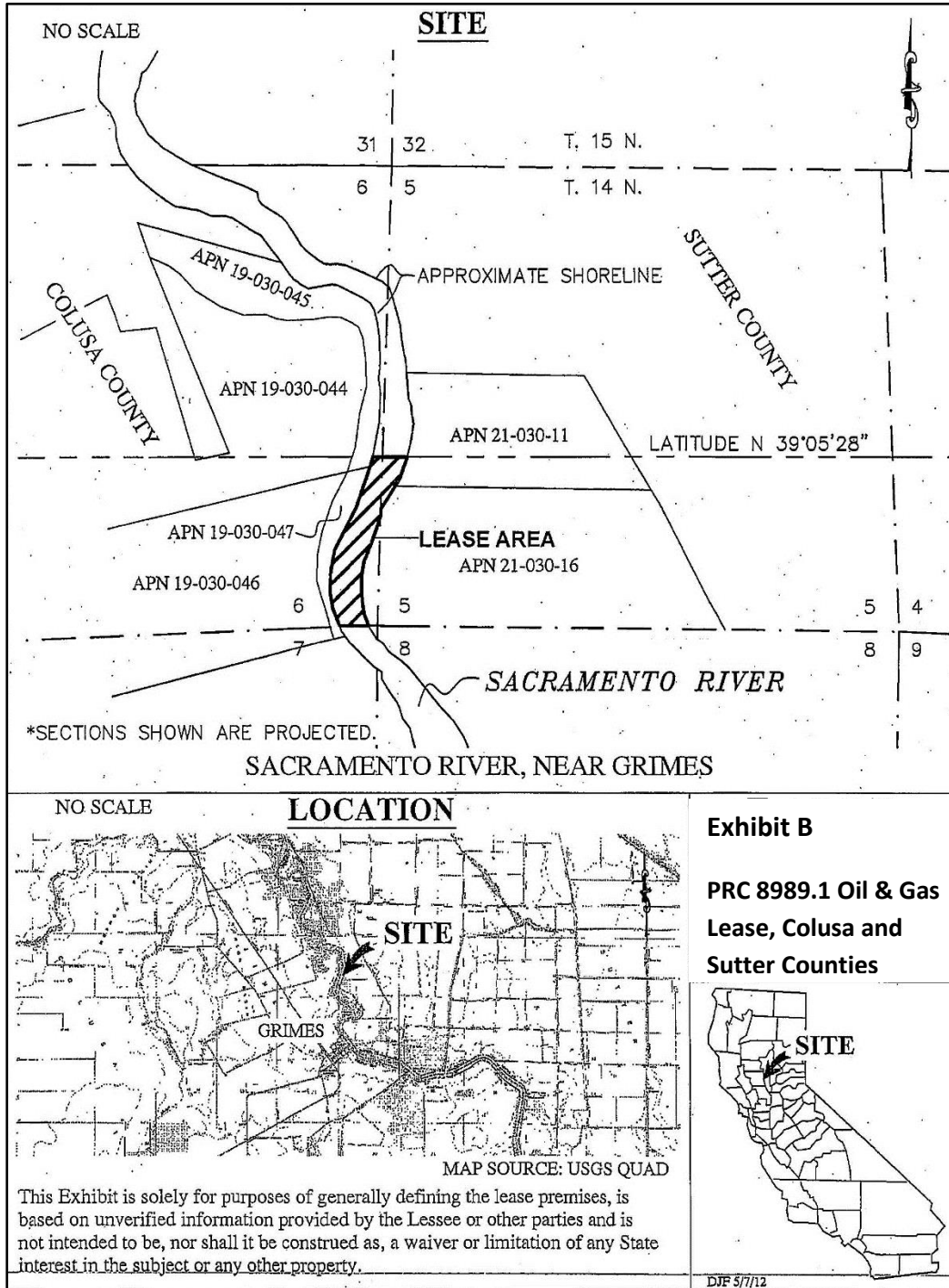
**END OF DESCRIPTION**

Prepared 5/10/2012 by the California State Lands Commission Boundary Unit.



## EXHIBIT B

PRC 8989.1



## EXHIBIT C

PRC 8989.1

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
**STATE OF CALIFORNIA**  
State Lands Commission  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825-8202  
Attn: Title Unit

**STATE OF CALIFORNIA**  
**OFFICIAL BUSINESS**  
Document entitled to free recordation  
pursuant to Government Code Section 27383

No Tax Due

SPACE ABOVE THIS LINE FOR RECORDER'S USE

### LEASE QUITCLAIM DEED FOR STATE OIL AND GAS LEASE

State Oil and Gas Lease No. PRC 8989.1 (Lease), covering certain State lands located in Sutter and Colusa Counties, State of California, was issued by the State of California, acting through the California State Lands Commission (State), on August 14, 2012, and was unrecorded in the Official Records of Sutter County and Colusa County.

(Attach additional recording information if leased lands are located in and Lease is recorded in more than one county.)

California Resources Production Corporation (Lessee) is the present holder of the Lease.


Pursuant to the terms of the Lease and Section 6804.1 of the Public Resources Code, the Lessee may at any time make and file with the State a written quitclaim or relinquishment of all rights under the Lease or of any portion of the Lease comprising a 10-acre parcel or multiple thereof in compact form, or of any separate or distinct zone or geological horizon thereof underlying such 10-acre parcel or multiple thereof.

Acting in accordance with such terms, the Lessee does hereby release, remise and forever quitclaim unto the State of California all of its right, title and interest in and to the State lands or that portion of the State lands held by virtue of the Lease, which lands are or portion is described in the attached Exhibit A.

IN WITNESS WHEREOF, this Quitclaim Deed is executed this 30th day of August, 2017.

LESSEE: California Resources Production Corporation, a Delaware corporation

By:



Blain Meith

Title: Attorney in Fact

EXHIBIT C – LAST PAGE

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) SS  
COUNTY OF KERN )

On September 1<sup>st</sup>, 2017 before me, Jill Starr, Notary Public personally appeared BLAIN MEITH, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)

